

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RECC, BLUE)	
GRASS ENERGY COOPERATIVE CORPORATION,)	
CLARK ENERGY COOPERATIVE, CUMBERLAND)	
VALLEY ELECTRIC, FARMERS RECC,)	
FLEMING-MASON ENERGY, GRAYSON RECC,)	
INTER-COUNTY ENERGY COOPERATIVE,)	
JACKSON ENERGY COOPERATIVE, LICKING)	CASE NO.
VALLEY RECC, NOLIN RECC, OWEN ELECTRIC)	2004-00372
COOPERATIVE, SALT RIVER ELECTRIC, SHELBY)	
ENERGY COOPERATIVE, SOUTH KENTUCKY)	
RECC AND TAYLOR COUNTY RECC FOR)	
AUTHORITY TO PASS THROUGH THE)	
ENVIRONMENTAL SURCHARGE OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	

COMMISSION STAFF'S SECOND DATA REQUEST
TO THE JOINT APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Big Sandy Rural Electric Cooperative Corporation ("RECC"), Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County Energy Cooperative, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen Electric Cooperative, Salt River Electric, Shelby Energy Cooperative, South Kentucky RECC, and Taylor County RECC ("Joint Applicants") file the original and 7 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due December 3, 2004. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for

example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the Commission Staff's First Data Request dated October 22, 2004 ("Staff's First Request"), Item 1. Assume for purposes of this group of questions that the Commission has approved an environmental surcharge for East Kentucky Power Cooperative, Inc. ("East Kentucky").

a. If East Kentucky rolls a portion of its environmental surcharge into its base rates, do the Joint Applicants agree that they would experience an increase in their respective power bills?

b. If East Kentucky rolls a portion of its environmental surcharge into its base rates, do the Joint Applicants agree that the environmental surcharge billed to them would only reflect environmental surcharge costs not already included in existing base rates?

c. Given the situations described in parts (a) and (b) above, explain in detail why the Joint Applicants' retail environmental surcharge pass through ("ES pass through") needs to include a Base Environmental Surcharge Factor.

2. Refer to the Staff's First Request, Item 2. The three environmental surcharge mechanisms approved by the Commission all include a 2-month true-up adjustment. The true-up adjustment deals with over- and under-recoveries resulting

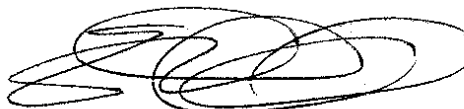
from a timing difference that occurs because of differences between the 12-month average revenues used to determine the surcharge factor and the billing month revenues. Would the Joint Applicants oppose the use of a 2-month true-up adjustment to deal with these timing difference over- and under-recoveries in the ES pass through? Explain the response.

3. Refer to the Staff's First Request, Item 3.

a. Would the Joint Applicants agree that under their respective Fuel Adjustment Clauses there is at least a one-month time lag between when the member system receives its power bill from East Kentucky and when the member system can bill its customers?

b. Explain in detail why it appears that East Kentucky and the Joint Applicants are attempting to avoid such a billing lag in the ES pass through. The response should also address why the proposed ES pass through treatment is reasonable.

c. Explain why the Joint Applicants are not responsible for their own respective ES pass through factor monthly filings.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED November 19, 2004

cc: All Parties